

# House File 2538 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO HSB 586)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act increasing the amount of investment tax credit for which  
2 an eligible housing business may qualify if specified energy  
3 efficiency standards are met, and including effective and  
4 retroactive applicability date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 5506HV 82  
7 rn/sc/5

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1 1 Section 1. Section 15E.193B, subsection 6, paragraph a,  
1 2 Code 2007, is amended to read as follows:  
1 3 a. An eligible housing business may claim a tax credit up  
1 4 to a maximum of ten percent of the new investment which is  
1 5 directly related to the building or rehabilitating of a  
1 6 minimum of four single-family homes located in that part of a  
1 7 city or county in which there is a designated enterprise zone  
1 8 or one multiple dwelling unit building containing three or  
1 9 more individual dwelling units located in that part of a city  
1 10 or county in which there is a designated enterprise zone.  
1 11 However, the following construction or rehabilitation projects  
1 12 meeting or exceeding the energy star or target finder rating  
1 13 performance requirements established pursuant to a joint  
1 14 program sponsored by the United States environmental  
1 15 protection agency and the United States department of energy  
1 16 may claim a tax credit up to a maximum of twelve percent of  
1 17 the eligible new investment:  
1 18 (1) Multifamily unit projects with three floors or less  
1 19 above-grade that achieve the energy star label and a home  
1 20 energy rating system index of eighty or better.  
1 21 (2) Single-family unit projects with three floors or less  
1 22 above-grade that achieve the energy star label and a home  
1 23 energy rating system index of eighty or better.  
1 24 (3) Projects that include both commercial space and  
1 25 residential units and have more than three floors above-grade  
1 26 that achieve an energy star target finder rating of  
1 27 seventy-five or better.  
1 28 Information documenting achievement of these ratings shall  
1 29 be provided by the eligible housing business and verified by  
1 30 the department.

1 31 PARAGRAPH DIVIDED. The new investment that may be used to  
1 32 compute the tax credit shall not exceed the new investment  
1 33 used for the first one hundred forty thousand dollars of value  
1 34 for each single-family home or for each unit of a multiple  
1 35 dwelling unit building containing three or more units. The  
2 1 tax credit may be used to reduce the tax liability imposed  
2 2 under chapter 422, division II, III, or V, or chapter 432.  
2 3 Any credit in excess of the tax liability for the tax year may  
2 4 be credited to the tax liability for the following seven years  
2 5 or until depleted, whichever occurs earlier. If the business  
2 6 is a partnership, S corporation, limited liability company, or  
2 7 estate or trust electing to have the income taxed directly to  
2 8 the individual, an individual may claim the tax credit  
2 9 allowed. The amount claimed by the individual shall be based  
2 10 upon the pro rata share of the individual's earnings of the  
2 11 partnership, S corporation, limited liability company, or  
2 12 estate or trust except as allowed for under subsection 8 when  
2 13 low-income housing tax credits authorized under section 42 of  
2 14 the Internal Revenue Code are used to assist in the financing  
2 15 of the housing development.

2 16 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
2 17 This Act, being deemed of immediate importance, takes effect  
2 18 upon enactment and applies retroactively to tax years  
2 19 beginning on or after January 1, 2008.

2 20 EXPLANATION

2 21 This bill provides for an increased tax credit for  
2 22 enterprise zone housing projects which meet certain energy  
2 23 efficiency standards. Currently, an eligible housing business  
2 24 may claim a tax credit up to a maximum of 10 percent of the  
2 25 business' new investment which is directly related to the  
2 26 building or rehabilitating of a specified form of housing  
2 27 located in a part of a city or county in which there is a  
2 28 designated enterprise zone. The bill increases the tax credit  
2 29 to 12 percent if a project meets or exceeds specified energy  
2 30 star or target finder rating performance requirements  
2 31 established pursuant to a joint program sponsored by the  
2 32 United States environmental protection agency and the United  
2 33 States department of energy. The bill requires information  
2 34 documenting achievement of the specified ratings to be  
2 35 provided to the department of economic development by an  
3 1 eligible housing business and verified by the department.

3 2 The bill takes effect upon enactment, and applies  
3 3 retroactively to tax years beginning on or after January 1,  
3 4 2008.

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